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Chief Administrative Officer

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September 2, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF JOINT EXERCISE OF POWERS AGREEMENT
BETWEEN THE COUNTY OF LOS ANGELES AND THE COMMUNITY
REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES
(FIRST DISTRICT – 3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Approve the Joint Exercise of Powers Agreement between the County of Los Angeles and the Community Redevelopment Agency of the City of Los Angeles to create an Authority to provide for the Development of Certain Properties Located in the Vicinity of Grand Avenue in Downtown Los Angeles.

PURPOSE OF RECOMMENDED ACTION

The recommended action will provide for the creation of the Los Angeles Grand Avenue Authority (Authority) which will coordinate the development of properties owned by the County and the Community Redevelopment Agency of the City of Los Angeles (CRA). The County's properties are known as Parcel Q (Parking Lot 17) and Parcel W-2 (Parking Lot 26). The CRA properties are known as Parcels L and M-2 and are currently used for parking as well. In addition to the development of the four parcels, the Authority will be established to pursue the development of the land owned by the County between Grand Avenue and Spring Streets for completion of the Mall as well as the improvement of the streetscape of Grand Avenue.

JUSTIFICATION

The Joint Powers Authority is an alternative to the traditional model of development by individual governments. This model will undertake the goal of quickly engaging the development community in a comprehensive approach to the development of the properties. The Authority will have equal representation from the County and the CRA, and a non-voting representative from the State.

Overall Conceptual Development Plan

The attached Joint Exercise of Powers Agreement contains an Overall Conceptual Development Plan which is included as Attachment B of the Agreement. The Plan describes the project as having three components.

Park Project: The Park Project will consist of the renovation, modernization and extension of the County Mall to the western frontage of City Hall. The component is envisioned to contain below-grade parking and will include a variety of environments such as stands of trees, ponds, and open fields which could be used for outdoor events. Implementing this component of the Plan will result in a 20-acre park stretching from City Hall, across the Music Center Plaza to the City's Department of Water and Power.

Street Redesign: This component envisions redevelopment of the streetscape of Grand Avenue to make it more attractive for pedestrians by widening the sidewalks, improving existing building walls to improve access to storefronts, increasing the number of trees and plantings to provide shade and to facilitate space for outdoor dining and other street-related activities.

Development Opportunities: This component envisions creating an unusual and attractive mix of retail and entertainment uses on lower levels for the Bunker Hill sites. The uses will be complementary to the existing theatrical and symphonic performances at the Music Center. In addition, housing office and hotel uses will be included. This development program includes up to 1,000 new residential units (both market rate and low/moderate income units) in three separate buildings, possibly a 400-room hotel, up to 1,000,000 square feet of office space and up to 600,000 square feet of space devoted to retail, entertainment and restaurants.

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The Authority may retain the Grand Avenue Committee (a nonprofit corporation) to act as a Real Property Negotiator on its behalf and on behalf of the Authority's members. Upon approval by the Authority, the Real Property Negotiator may be authorized to retain consultants, architects, independent legal counsel, and other advisors to advise the Authority with respect to the development of the properties.

The Authority will attempt to create a comprehensive approach to the development of the four parcels in addition to the Park and street improvements, with the goal of achieving a better project than could be accomplished parcel by parcel. The mix of uses, especially of retail and entertainment uses, will be more balanced and should appeal to a wider market base if it is planned comprehensively. With a single purpose, the Authority could move quickly to advance the completion of the redevelopment of the Bunker Hill area. The Authority could also oversee the expansion of the Mall into a Civic Park on behalf of the County and the improvement of the streetscape of Grand Avenue on behalf of the CRA

For the development of the parcels, the Authority would first issue a Request for Qualifications to developers, and then after review of the responses, issue a Request for Proposals from qualified developers. The most responsive would be interviewed and a selection ultimately made. The selected developer would be charged with producing a comprehensive plan for the four parcels and any related infrastructure improvements. This plan, including conceptual building designs, tentative identification of commercial tenants, financing plan and phasing plan will be evaluated by the Authority Board and the respective entities (County and CRA). Once the plan is determined to be feasible and acceptable, the Authority will take all steps necessary to comply with the California Environmental Quality Act (CEQA), followed by final approvals of the County and the CRA. From that point, final design of the first phase projects could proceed, followed by regulatory approvals and construction.

FISCAL IMPACT/FINANCING

Funding for the operations of the Authority is anticipated to come from a variety of sources. The participating entities may make contributions or make advances to be repaid. Staff from the County and CRA may also be provided as in-lieu contributions. Financing will also be sought from State and federal sources, commercial sponsorships, grants, and earnings from a private endowment.

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After having first reimbursed each of the participating entities for their contributions, payments and advances, the Authority will distribute revenues from the developed parcels to the County and CRA in proportion to the relative fair market value of the properties contributed by each entity.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County and the CRA will lease the parcels to be developed by the Authority via ground leases to the Authority following final approval of a developer and a detailed development and financial plan by the Board of Supervisors, the CRA Board and City Council.

The Authority will be administered by a Board of Directors consisting of five members. The County members will be the Supervisor from the district in which the properties are located (currently the First District) and the Chief Administrative Officer. The City will be represented by the Councilperson for the City Council district in which the CRA properties are located and the Administrator of the CRA. The Governor will be requested to appoint one person to serve as a non-voting Director.

The County Auditor-Controller and Treasurer will serve in their respective capacities to assure that there will be accountability of all funds and reporting of all receipts and disbursements of the Authority.

IMPACT ON CURRENT SERVICES

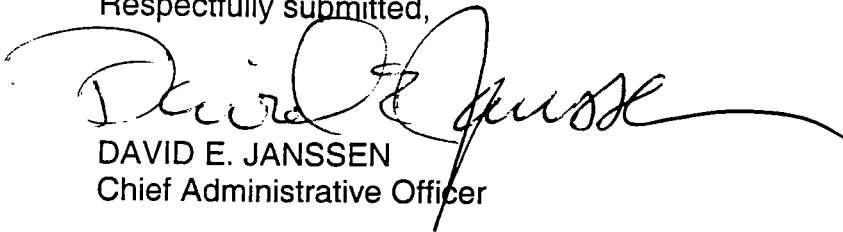
The creation of the Authority will not impact current services. Any development eventually implemented by the Authority will have to adequately replace the existing parking provided on Parking Lots 17 and 26.

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ENVIRONMENTAL DOCUMENTATION

The recommended action is exempt from the CEQA because the formation of the joint powers authority will not affect the environment. In the event the Authority proposes to take an action which may affect the environment, the Joint Exercise of Powers Agreement provides that the Authority will be the lead agency for compliance with CEQA, and the County and the CRA will be responsible agencies.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David E. Janssen", with a long horizontal flourish extending to the right.

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:JSE:i/h

Attachment (1)

c: County Counsel
Auditor-Controller
Treasurer and Tax Collector
Internal Services Department

JOINT EXERCISE OF POWERS AGREEMENT

**THE COUNTY OF LOS ANGELES AND THE COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF LOS ANGELES FOR THE DEVELOPMENT AND
CONSTRUCTION OF CERTAIN PROPERTIES LOCATED IN THE VICINITY OF
GRAND AVENUE IN DOWNTOWN LOS ANGELES**

SEPTEMBER __, 2003

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JOINT EXERCISE OF POWERS AGREEMENT

BETWEEN THE COUNTY OF LOS ANGELES AND THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES FOR THE DEVELOPMENT AND CONSTRUCTION OF CERTAIN PROPERTIES LOCATED IN THE VICINITY OF GRAND AVENUE IN DOWNTOWN LOS ANGELES

THIS JOINT EXERCISE OF POWERS AGREEMENT ("Agreement"), dated as of September __, 2003, is made by and between the County of Los Angeles ("County"), California, and the Community Redevelopment Agency of the City of Los Angeles ("CRA"). The County and the CRA shall be collectively known as the "Contracting Parties."

W I T N E S S E T H:

WHEREAS, each of the Contracting Parties desires to enter into a joint exercise of powers agreement providing for the creation of an entity known as The Los Angeles Grand Avenue Authority ("Authority") separate from the Contracting Parties under Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code (commencing with Section 6500) (the "Act") for the purpose of causing the development of certain properties ("Properties") located in Los Angeles, California which are more particularly shown on Exhibit A which is attached hereto;

WHEREAS, the Authority will focus on the development of the Properties, two of which are owned by the CRA, two of which are owned by the County and all of which are currently used exclusively for vehicular parking;

WHEREAS, the Properties are located in the CRA's Bunker Hill Redevelopment Project Area, thus requiring that any CRA effort in that Area achieve a valid redevelopment purpose as stated in the Bunker Hill Redevelopment Plan ("Redevelopment Plan");

WHEREAS, the Authority will work on behalf of the County, the CRA and the City of Los Angeles ("City") to develop the Properties in a way that enhances each of the Properties, creates a coordinated development that is attractive to a regional market and achieves a valid redevelopment purpose under the Redevelopment Plan;

WHEREAS, the Contracting Parties have endorsed, and by entering into this Agreement will approve, the Conceptual Development Plan, attached hereto as Exhibit B, for the Properties and the “Park Property” (as defined below) and anticipate that the project(s) which are developed to implement the Conceptual Development Plan will (i) be consistent with the Redevelopment Plan and (ii) benefit the Bunker Hill neighborhood with the addition of new residential units (including affordable units), office space, retail uses, child care facilities and, potentially, a hotel;

WHEREAS, the development of the Properties will also add to the strength of the neighboring cultural district by including nighttime entertainment venues;

WHEREAS, the Authority also intends to renovate, modernize and extend to the western frontage of City Hall the Civic Center Mall (also known as El Paseo de los Pobladores), including the Court of Flags, which currently stretches from the east side of Grand Avenue to the West side of Broadway and is bordered by the County buildings which face onto Temple Street, to the north, and First Street, to the south (“Park Property”), as more particularly shown on Exhibit C which is attached hereto;

WHEREAS, the redevelopment of the Park Property will contain below-grade vehicular parking and will be redeveloped to include a variety of environments such as stands of trees, ponds and open fields that could be used for political events, farmers markets, outdoor performances or similar lively activities;

WHEREAS, the redevelopment of the Park Property will be a major step in completing the Downtown Strategic Plan, will contribute additional urban park amenities envisioned by that Plan, and will contribute to the linkage, envisioned by the “Grand Avenue Committee” (as defined below), of the enhanced Grand Avenue with the central urban park of the Civic Center;

WHEREAS, the Authority, acting as agent for each of the Contracting Parties, will solicit the interest of development teams through one or more Requests for Qualifications and/or Proposals for the Properties and the Park Property, will evaluate the responses to such Requests and Proposals and will select which development team(s) should carry out the developments;

WHEREAS, the Contracting Parties agree that it is their intent that the redevelopment of the Park Property shall occur not later than the implementation of specific development proposals for the Properties and, preferably, at an earlier date;

WHEREAS, the Authority will act as the “client” to the development team(s) throughout the implementation of the project(s) on the Properties;

WHEREAS, the Authority will review and approve all urban designs and building designs, all proposed developer tenants and all financial terms for the project(s) on the Properties;

WHEREAS, the Authority will act as the “owner” for the project(s) on the Properties and, as such, will work with the development team(s) in community review and in securing all regulatory approvals;

WHEREAS, the Authority will be administered by a Board of Directors, and the Directors thereof will be responsible for coordinating with the entity they represent (i.e. the County or the CRA);

WHEREAS, the Authority may hire a California nonprofit public benefit corporation to act as its “Real Property Negotiator” (as defined below) and to provide staff to assist the Authority;

WHEREAS, the Contracting Parties intend that funding for the operations of the Authority will come equally from the County and the CRA as well as other sources both public and/or private;

WHEREAS, the Contracting Parties have received and approved concurrently with their entry into this Agreement a budget for the operation of the Authority; and

WHEREAS, the Contracting Parties intend to share *pari passu* all net revenues (exclusive of all tax revenues received by either of the Contracting Parties) from the development of the Properties in proportion to the relative fair market value of the Properties contributed by each of the Contracting Parties.

NOW, THEREFORE, in consideration of the above premises and of the mutual promises herein contained, each of the Contracting Parties does hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Unless the context otherwise requires, the words and terms defined in this Article shall have the following meanings for the purposes of this Agreement:

“Act” means Articles 1 through 3, Chapter 5, Division 7, Title 1 of the California Government Code (commencing with Section 6500).

“Agreement” means this Joint Exercise of Powers Agreement.

“Authority” means The Los Angeles Grand Avenue Authority established pursuant to Section 2.02 of this Agreement.

“Board” means the Board of Directors of the Authority as described in Section 2.03 of this Agreement.

“CAO” means the Chief Administrative Officer of the County.

“Chairperson” means the Chairperson of the Board of the Authority.

“City” means the City of Los Angeles, California, a municipal corporation.

“Contracting Parties” means the County and the CRA.

“Councilperson” means the Los Angeles City Councilperson for the City Council District in which the Properties are located.

“County” means the County of Los Angeles, California, a public body corporate and politic and a political subdivision of the State.

“County Supervisor” means the County Supervisor for the Supervisorial District in which the Properties are located.

“CRA” means the Community Redevelopment Agency of the City of Los Angeles, a public body corporate and politic.

“CRA Representative” means the Chief Executive Officer of the CRA or such other person as appointed by the CRA Board to be the CRA’s representative on the Board.

“Conceptual Development Plan” means that certain Conceptual Development Plan, a copy of which is attached hereto as Exhibit B.

“Directors” means the members of the Board of Directors appointed pursuant to Section 2.03 of this Agreement.

“Grand Avenue Committee” means Grand Avenue Committee, Inc., a California nonprofit public benefit corporation.

“Implementation Plan” means the plan for the Properties and the Park Property described in Section 8.01 hereof.

“Park Property” means the Civic Center Mall, including the Court of Flags, as proposed to be extended and as is more particularly described on Exhibit C which is attached to this Agreement.

“Properties” means those parcels of real property which are more particularly described on Exhibit A which is attached to this Agreement.

“Real Property Negotiator” means the person or entity hired by the Authority to act as described in Section 8.03 below.

“State” means the State of California.

ARTICLE II

GENERAL PROVISIONS

Section 2.01 Purpose. This Agreement is made pursuant to the Act to provide for the creation of a public joint powers entity separate from the Contracting Parties, to provide for the marketing and development of the Properties and the redevelopment of the Park Property, and to provide for the exercise of all common powers possessed by the Contracting Parties and all powers provided to the Authority by the Act or by any other law now in effect or hereafter enacted.

Section 2.02 Creation of Authority. Pursuant to Sections 6506 and 6507 of the Act, there is hereby created a public entity to be known as "The Los Angeles Grand Avenue Authority." The Authority shall be a public entity separate and apart from the Contracting Parties and shall administer this Agreement. The Authority shall have the power to make and enter into contracts, land lease agreements or sales agreements, to employ agents and employees, and to take all actions which may be necessary and/or helpful in connection with the marketing and development of the Properties including, but not limited to, the acquisition, holding or disposition of property, or the incurring of liabilities or obligations or the extension of credit or lending of funds, all as provided in this Agreement. The Authority shall also have the power, acting as the agent for the County, to issue Requests for Qualifications and/or Proposals and to evaluate developer responses for the redevelopment of the Park Property. Any development concepts for any of the Parcels shall include adherence to the Agency's Living Wage, Equal Benefits, Service Worker Retention/Hiring and Contractor Responsibility policies.

Section 2.03 Board of Directors. The Authority shall be administered by a Board of Directors consisting of five (5) Directors. The County Supervisor ("County Supervisor") for the Supervisorial District in which the Properties are located and the Chief Administrative Officer ("CAO") of the County shall serve as the County Directors. The Los Angeles City Councilperson ("Councilperson") for the Los Angeles City Council District in which the Properties are located and the Chief Executive Officer of the CRA or such other person as appointed by the CRA Board ("CRA Representative") shall serve as the CRA Directors. The Governor of the State shall be requested to appoint one person to serve as a Director, which person shall be a non-voting Director. Directors will not receive any compensation for serving as such.

Section 2.04 Terms of Directors. The term as Director of each of the County Supervisor, the CAO, the Councilperson, and the CRA Representative shall be coterminous with each such Director's respective term of office as County Supervisor, CAO, Councilperson, and Chief Executive Officer of the CRA, or until such time as the Authority is terminated, whichever occurs first. In the case of a person who is the CRA Representative but not also the Chief Executive Officer of the CRA, such person shall serve until replaced by the CRA Board or until such time as the Authority is terminated, whichever occurs first.

Section 2.05 Successors and Vacancies. In the case of a vacancy in the office of the CAO, the person serving as the interim CAO or his/her designee shall serve as a Director (but not as Chairperson of the Board) until such time as the office is filled. In the case of a vacancy

in the office of the CRA Representative who was also the Chief Executive Officer of the CRA, the person serving as the interim Chief Executive Officer of the CRA or his/her designee shall serve as a Director (but not as Chairperson of the Board) until such time as the office is filled. In the case of a vacancy in the office of the CRA Representative who was not also the Chief Executive Officer of the CRA, the person designated by the CRA Board shall serve as a Director until such time as replaced by the CRA Board. In the case of a vacancy in the office of the County Supervisor, the vacancy shall be filled by an appointee of the County's Board of Supervisors until such time as the office of the County Supervisor is filled. In the case of a vacancy in the office of the Councilperson, the Mayor of the City shall be requested to fill the vacancy, and the appointee thereof shall serve until such time as the office of the Councilperson is filled.

Section 2.06 Meetings of the Board.

(a) Regular Meetings. Meetings of the Board may be called by the Chairperson or any two (2) Directors. The Board shall hold at least one regular meeting each year at which time the Board will evaluate the progress of the Authority and its Real Property Negotiator.

(b) Special Meetings. Special meetings of the Board may be called in accordance with the provisions of Section 54956 of the California Government Code or any successor provision thereto.

(c) Call, Notice and Conduct of Meetings. All meetings of the Board, including without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (commencing with Section 54950 of the California Government Code) or any successor provision thereto.

Section 2.07 Minutes. The Chairperson shall cause minutes to be kept of the meetings of the Board by the Secretary of the Authority, who shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each Director.

Section 2.08 Voting. Each Director, other than the appointee of the Governor, including the Chairperson, shall have one (1) vote.

Section 2.09 Quorum; Required Votes; Approvals. The presence of three (3) voting Directors shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time. The affirmative votes of at least three (3) Directors shall be required in order for the Board to take any action, unless a greater number is required by law or by this Agreement for any specific action.

Section 2.10 Bylaws. The Board may adopt, from time to time, such bylaws, rules and regulations for the conduct of its meetings as are necessary for the purposes hereof.

ARTICLE III

CHAIRPERSON, DIRECTORS AND OFFICERS

Section 3.01 Chairperson and Directors. The Chairperson of the Board shall serve as such for a term of one (1) year. The first Chairperson shall be the County Supervisor. Directors shall rotate on an annual basis as Chairperson, in a manner determined by the Authority. The Chairperson shall have the power and authority to sign all contracts and land leases on behalf of the Authority and shall perform such other duties as may be imposed by the Board. The Directors shall perform the duties normal to said position, including but not limited to the promulgation and adoption of bylaws, rules, regulations, policies and practices of the Authority.

Section 3.02 Secretary. The Secretary, who shall be selected by the Board on an annual basis from among the Directors shall perform such duties as may be determined by the Board and shall cause a copy of this Agreement to be filed with the Secretary of State pursuant to Section 6503.5 of the Act.

Section 3.03 Auditor-Controller and Treasurer. Pursuant to Section 6505.5 of the Act, the Los Angeles County Auditor-Controller and County Treasurer are hereby designated as the Auditor-Controller and Treasurer of the Authority. The County Auditor-Controller and Treasurer shall have the duties and obligations set forth in Sections 6505 and 6505.5 of the Act and shall assure that there shall be strict accountability of all funds and reporting of all receipts and disbursements of the Authority. There shall be no charges made against the Authority for the services of said County Auditor-Controller and Treasurer.

ARTICLE IV

POWERS

Section 4.01 General Powers. The Authority shall exercise in the manner herein provided any of the powers which are possessed by the Contracting Parties and necessary for the accomplishment of the purposes of this Agreement, subject to the restrictions set forth in Section 4.03 of this Agreement.

Section 4.02 Additional Powers. The Authority shall have all additional powers provided in the Act or in any other law now in effect or hereafter enacted.

Section 4.03 Exercise of Powers. The powers of the Authority shall be exercised in the manner provided in the Act and those additional powers set forth herein. The Authority shall be subject to the restrictions upon the manner of exercising power of the CRA.

Section 4.04 Obligations of Authority. The liabilities and obligations of the Authority or the Grand Avenue Committee shall not be the liabilities and obligations of either of the Contracting Parties; provided, however, that either of the Contracting Parties may contract separately for, or assume responsibility for, specific liabilities or obligations of the Authority or the Grand Avenue Committee.

Section 4.05 Lead Agency and Regulatory Approvals. The Authority shall be the lead agency for the purpose of compliance with the California Environmental Quality Act ("CEQA") for any discretionary acts of the Authority which may have an effect on the environment. The County, CRA and City shall be "responsible agencies" for CEQA purposes. The City or the County, as appropriate, shall be responsible for any local jurisdictional approvals necessary for private parties who may develop the Properties or redevelop the Park Property.

It is agreed that: (a) the Contracting Parties are not legally authorized to make, and have not by executing this Agreement made, any commitment or guaranty with respect to approval and certification of an environmental document or approval of any Discretionary Action or any ministerial action dependent or reasonably related to such Discretionary Action, (b) such approvals and certifications may only be given after the relevant decision-making bodies, exercising their independent judgment, have acted in their governmental capacities to act upon the environmental document and each Discretionary Action in accordance with applicable laws, rules and regulations, and (c) nothing in this Agreement shall supersede or waive any discretionary or regulatory approvals required to be obtained from any of the Contracting Parties under applicable federal, state or local law.

Section 4.06 Separate Entity and Insurance. The Authority is a separate legal entity from each of the Contracting Parties. The Authority shall procure such general liability insurance, as the Board shall approve. In no event, however, shall such insurance be less than TWO MILLION DOLLARS (\$2,000,000.00) per occurrence, per year, with an aggregate of no less than FIVE MILLION DOLLARS (\$5,000,000.00).

ARTICLE V

CONTRIBUTIONS, ACCOUNTS, FUNDS AND REVENUE PARTICIPATION

Section 5.01 Exclusivity; Contributions of the Properties. Each of the Contracting Parties hereby grants to the Authority an exclusive right to negotiate for the development of the Properties, two (2) of which are owned by the CRA and two (2) of which are owned by the County. As soon as the governing bodies of each of the Contracting Parties approve the Implementation Plan described in Section 8.01 below, and provided that the CRA has complied with the provisions of Section 33433 of the California Health and Safety Code, each of the CRA and the County shall, subject to compliance with CEQA, promptly enter into ground leases with the Authority of the Properties. The County shall enter into a ground lease for its Properties with the CRA, and the CRA shall immediately thereafter assign its ground lessee's interest with respect to the County's Properties to the Authority.

Section 5.02 Contracting Party Contributions. The Contracting Parties may: (a) make contributions to the Authority from their respective treasuries for the purposes set forth herein; (b) make payments of public funds to defray the cost of such purposes; (c) make advances of public funds for such purposes, such advances to be repaid as provided herein; and (d) use their respective personnel, equipment or property in lieu of other contributions or advances. Unless otherwise agreed to by the Contracting Parties, funding for the operations of the Authority will come equally from the Contracting Parties, as well as other sources both public and/or private.

Section 5.03 Custody of Funds. Subject to the applicable provisions of any instrument or agreement into which the Authority may enter that otherwise may provide for a trustee to receive, have custody of and disburse Authority funds, the Treasurer of the Authority (as described in Section 3.03 of this Agreement) shall receive, have custody of and disburse Authority funds as nearly as possible in accordance with generally accepted accounting practices and shall make the disbursements required by this Agreement or to carry out any of the provisions or purposes of this Agreement.

Any and all funds designated for the development of the Properties or the redevelopment of the Park Property shall be maintained by the Treasurer of the Authority in an independent interest bearing trust account or fund.

Section 5.04 State Funds and Other Contributions. The Governor of the State and the Legislature may appropriate funds for the planning, design and construction of the Properties, the Park Property and/or related infrastructure improvements to Grand Avenue. Any and all funds from the State which are surplus to the needs of the Authority shall be returned to the State's Department of Finance. The Authority, the County and the CRA, in their sole discretion and subject to the approval of their respective governing bodies, may also contribute additional funds for the planning, design, and construction of the Properties, the Park Property and/or related infrastructure improvements to Grand Avenue. Any funds contributed by either the County or the CRA which are surplus to the needs of the Authority shall be returned to the County or CRA in proportion to their respective contributions.

Section 5.05 Revenue Participation. After having first reimbursed both Contracting Parties for all contributions, payments and advances made under Section 5.02 of this Agreement, the Contracting Parties shall share *pari passu* all net revenues of the Authority received from a development that includes any or all of the Properties in proportion to the relative fair market value of the Properties contributed by each of the Contracting Parties. The following chart illustrates, by way of example only, the Contracting Parties' respective revenue share:

	% of the fair market value of the Properties contributed by a Contracting Party	% share of the net revenues from the development of Properties*
CRA	45%	45%
County	55%	55%

*After repayment of for all contributions, payments and advances

The tax increment generated by the development of the Properties or the redevelopment of the Park Property shall not be considered "revenues of the Authority." The Real Property Negotiator shall cause an appraisal to be performed to determine "fair market value" which shall be submitted to the Contracting Parties and the Authority for approval. The Real Property Negotiator shall obtain prior approval from the Contracting Parties and the Authority of the appraiser who will perform the appraisal and the appraisal assumptions to be made.

Section 5.06 Audits and Reports For any given quarterly period of the Authority's fiscal year during which the Authority has net revenues (as determined in good faith by the Authority), the Authority shall render an accounting to the Contracting Parties setting forth the Contracting Parties' respective revenue participation. The Auditor-Controller shall make or contract for an annual audit of the accounts and records of the Authority in accordance with Section 6505 of the Act.

Section 5.07 Inspection of Records. At any time during normal business hours and as often as any of the Contracting Parties deem necessary, the Authority shall, make available to the Contracting Party(ies) for examination, at reasonable locations within the City of Los Angeles, all of the data and records with respect to the Authority and all matters covered by this Agreement. The Authority shall permit the Contracting Party(ies) to make audits of all invoices, materials, payrolls, records of personnel and consultants, and other data and media relating to the matters covered by this Agreement, at the cost and expense of the Contracting Party seeking the audit and inspection.

ARTICLE VI

TERM

Section 6.01 Term. This Agreement shall become effective on the date that this Agreement has been approved by the Contracting Parties, and shall continue in perpetuity, or until terminated in accordance with Section 6.02 of this Agreement.

Section 6.02 Termination.

(a) Except as otherwise provided in this Section 6.02, this Agreement may be terminated by written notice from one of the Contracting Parties to the other Contracting Party. In the event that the Authority has outstanding liabilities or obligations, such liabilities or obligations must be satisfied or provided for prior to termination of this Agreement.

(b) In the event the Contracting Parties have not approved any specific Implementation Plan in response to one or more Requests for Qualifications and/or Proposals for the Properties and the Park Property pursuant to Section 8.06 within two (2) years from the date of this Agreement, this Agreement shall automatically terminate and be of no further force or effect upon the effective date of the reconveyance of the Properties by the Authority to the respective Contracting Parties who owned the parcels prior to the effective date of this Agreement; provided, however, that all debts, liabilities or obligations of the Authority are satisfied or provided for prior to such termination of this Agreement.

(c) In the event the Authority has entered into one or more of the agreements described in Section 8.02 below, this Agreement may be terminated only by mutual consent of the Contracting Parties and only after all liabilities or obligations of the Authority are satisfied or provided for prior to such termination of this Agreement.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.01 Notices. Whenever a notice is required under this Agreement, such notice shall be in writing and shall be sufficient if delivered to the addresses specified below. Notice shall be effective on the next business day after delivery by whatever means prior to 5:00 p.m. to the addresses specified below. Any change of address shall be given in writing in accordance with this Section.

County of Los Angeles
Executive Officer/Clerk of the Board of Supervisors
Room 383
Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

County of Los Angeles
Chief Administrative Officer
Room 713
Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012
Attn: Financial and Asset Management

Community Redevelopment Agency of the City of Los Angeles
354 South Spring Street, Suite 800
Los Angeles, CA 90013
Attn: Robert R. Ovrom, CEO

With copies to:

City of Los Angeles
City Hall, Room 255
200 North Spring Street
Los Angeles, California
Attn: Chief Legislative Analyst

Secretary of State and Consumer Services
of the State of California
Junipero Serra State Office Building
401 South Broadway
Los Angeles, California 90013

Grand Avenue Committee
c/o California Community Foundation
445 South Figueroa Street, Suite 3400
Los Angeles, CA 90071
Attn: Martha Welborne

Munger, Tolles & Olson LLP
355 South Grand Avenue Suite 3500
Los Angeles, CA 90071
Attn: O'Malley M. Miller, Esq.

Section 7.02 Section Headings. All section headings in this Agreement are for convenience of reference only and are not to be construed as modifying or governing the language in the section referred to or defining or limiting the scope of any provision of this Agreement.

Section 7.03 Consent. Whenever in this Agreement any consent or approval is required it shall be made in writing.

Section 7.04 Law Governing. This Agreement is made in the State of California under the constitution and laws of the State of California and is to be so construed and interpreted in accordance with the laws of the State of California. Any legal disputes arising from or related to this Agreement shall be resolved in the State of California by an administrative or judicial body.

Section 7.05 Amendments. This Agreement may be amended at any time, or from time to time, by one or more supplemental written agreements executed by the Contracting Parties either as required in order to carry out any of the provisions of this Agreement or for any other purposes of this Agreement.

Section 7.06 Enforcement by Authority. The Authority is hereby authorized to take any or all legal or equitable actions, including but not limited to injunction and specific performance, necessary or permitted by law. The rights and remedies of any party hereto are cumulative and not in the alternative.

Section 7.07 Severability. Should any part, term or provision of this Agreement be deemed by any court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby and shall remain in full force and effect.

Section 7.08 Waiver. Neither the failure nor the delay by any party hereto in exercising any right, power or privilege will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege.

Section 7.09 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute one and the same Agreement.

Section 7.10 Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors of each of the Contracting Parties, respectively. No Contracting Party may assign any right or obligation hereunder without the written consent of the other Contracting Party.

Section 7.11 Privileges and Immunities. All of the privileges and immunities from liability, exemption from laws, ordinances and rules, all pension, relief, disability, workers' compensation and other benefits that apply to the activities of officers, agents or employees of a public agency when performing their respective functions within the territorial limits of their respective public agencies, shall apply to the officers, agents or employees of the Authority to the same degree and extent while engaged in the performance of any of the functions and duties of such officers, agents or employees extraterritorially under this Agreement.

Section 7.12 Fiscal Year. The fiscal year of the Authority, unless and until changed by the Authority, shall commence on the 1st day of July of each year and shall end on the 30th day of June of the next succeeding year.

Section 7.13 Legal Services. The County Counsel and the City Attorney shall be and act as attorneys for the Authority. In the event both are precluded from acting because of a conflict of interest or other legal impediment, the Authority may contract to employ independent counsel to advise and/or represent the Authority and the costs of independent counsel shall be shared equally by the County and the CRA.

Section 7.14 Further Assurances. The Contracting Parties agree, promptly upon request, to furnish, execute and deliver to each other all such further information, and to perform or refrain from performing all such actions, as the requesting Contracting Party may reasonably request for the purpose of carrying out the intent of this Agreement, including without limitation in connection with Sections 5.01 and 8.01 of this Agreement.

ARTICLE VIII

PLANNING, DEVELOPMENT, LEASES AND CONTRACTS

Section 8.01 Overall Conceptual Development Plan. The Contracting Parties hereby approve in concept the Conceptual Development Plan, attached hereto as Exhibit B, for the Properties and the Park Property. The Contracting Parties anticipate that the project(s) which are developed to implement the Conceptual Development Plan will (i) be consistent with the Redevelopment Plan and (ii) benefit the Bunker Hill neighborhood with the addition of new residential units (including affordable units), office space, retail uses, child care facilities and,

potentially, a hotel. The Conceptual Development Plan is intended to be a general guideline of how to develop the Properties and redevelop the Park Property, and the Authority will be authorized to develop the Properties and redevelop the Park Property in a manner that is generally consistent with this Plan. Based on the Conceptual Development Plan, the Authority will prepare, approve and submit to the Contracting Parties a detailed "Implementation Plan" for the Properties and the Park Property. The Implementation Plan shall be in sufficient detail to permit compliance with CEQA and shall set forth the financial terms for the project(s). At such time as each of the Contracting Parties, in the exercise of their respective sole discretion, have approved the Implementation Plan, and have provided that the CRA has complied with the provisions of Section 33433 of the California Health and Safety Code, the Contracting Parties shall each promptly execute ground leases for their respective Properties in accordance with Section 5.01 above.

Section 8.02 Agreements and Lease of Land. Immediately upon conveyance of the Properties to the Authority by each of the Contracting Parties pursuant to the provisions set forth in Section 8.01 above, the Authority will have the power and authority to enter into any contract to improve the Properties and the Park Property in a manner determined by the Authority which is consistent with the Implementation Plan, and the Authority may assign its ground lease interests in or to all or part of the Properties to the development team(s) selected in accordance with this Agreement. Such ground leases shall not permit the fee interest of the Contracting Parties to be subjected to the lien of any lender financing all or any portion of the development of the Properties or the Park Property. The Authority shall be authorized to amend the leases entered into pursuant to Section 5.01 above, provided the leases shall all be consistent with the approved Implementation Plan.

Section 8.03 Terms of the Agreements. Any lease, transfer or other contract shall be on the terms approved by the Authority, by the affirmative vote of at least three (3) voting Directors. In no event may any such contract commit the Authority to expend funds in excess of the funds which have been committed for such purpose by the State and the Contracting Parties or other sources.

Section 8.04 Real Estate Negotiations. The Authority may retain a California nonprofit public benefit corporation to act as a Real Property Negotiator on its behalf and on behalf of the Contracting Parties. The Real Property Negotiator may be the Grand Avenue Committee. The Real Property Negotiator may be authorized, by prior written approval of the Authority, to retain consultants, architects, independent legal counsel and other advisors to advise the Authority with respect to the development of the Properties, the redevelopment of the Park Property and the agreements described in this Article VIII. When requested by the Authority, the Real Property Negotiator shall submit to the Authority a budget for such period of time as the Authority shall request. Upon the Authority's approval of the budget, the Authority will then provide funds to the Real Property Negotiator in an amount identified in the budget for the period of time identified in the budget to permit the Real Property Negotiator to disburse such funds in accordance with the approved budget. The Authority shall prescribe the procedure and criteria for solicitation and selection of development proposals for the Properties and the Park Property. The Contracting Parties agree that it is their intent that the redevelopment of the Park Property shall occur not later than the implementation of specific development proposals for the Properties and, preferably, at an earlier date.

Section 8.05 Selection of Development Teams. The Authority will select one or more development team(s) to carry out the development of the Properties and the Park Property and, subject to the conveyance of the Properties as described in Section 8.01 above, the Authority may exercise its power and authority to enter into agreements with such development team(s) with respect to all or part of the Properties and the Park Property

Section 8.06 Requests for Qualifications and Proposals. The Authority will have discretion to determine the means through which it selects one or more development team(s). Acting as agent for each of the Contracting Parties, the Authority will solicit the interest of development teams through one or more Request for Qualifications, Request for Proposal or a combination of both for the Properties and the Park Property, and the Authority will evaluate the responses to all such Requests.

Section 8.07 Implementation of the Project(s). The Authority will serve as the “client” to the development team(s) throughout the implementation of the project(s) on Properties and, as such, will review and approve all urban designs and building designs, all proposed developer tenants and all financial terms for the project(s) on the Properties.

Section 8.08 Community Review and Regulatory Approvals. The Authority will serve as the “owner” for the project(s) on the Properties and, as such, will work with the development team(s) in community review and in securing all regulatory approvals.

Section 8.09 Staff Meetings. Staff of the CRA and the County assigned to the Authority shall meet at least quarterly to discuss matters of mutual concern and interest. At least once per year, the CAO and the CRA Representative, or their designees, shall meet to discuss matters of mutual concern and interest, including future policies and operating procedures.

Section 8.10 Other Agreements. Nothing herein is intended to, nor shall be deemed to, modify or affect the terms and conditions of the Owner Participation Agreement, dated June 13, 1991 by and among the Contracting Parties and Walt Disney Concert Hall I, Inc., including but not limited to, Sections 203 and 204 concerning Total Maximum Building Floor Area and Future Development of the County-owned Properties and Section 6.02 concerning the distribution of ad valorem property taxes.

Section 8.11 Compliance with CRA Public Art Policy. The Authority shall comply with the CRA’s adopted Public Art Policy, as it may be amended from time to time in the operation of the Authority and require compliance with the Public Art Policy by all contractors and/or development team(s) for the proposed development of the Properties, unless specifically exempted by the Public Art Policy.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereonto duly authorized and their official seals to be hereto affixed as of the date first herein above written.

County of Los Angeles

Authorized Signatory

Date: _____

Community Redevelopment Agency of the
City of Los Angeles

Authorized Signatory

Date: _____

APPROVED AS TO FORM:

Lloyd W. Pellman
County Counsel

By 

Date: _____

APPROVED AS TO FORM AND CONTENT:

Rockard J. Delgadillo
City Attorney

By _____

Date: _____

[Signatures continue on next page]

ATTEST:

Executive Officer/Clerk of the Board of Supervisors

By _____

Date: _____

City Clerk

By _____

Date: _____

EXHIBIT A
DESCRIPTION OF THE PROPERTIES

Parcels L and M-2 are located on the west side of Grand Avenue, immediately south of the Walt Disney Concert Hall and north of the 372-unit Grand Promenade Apartments. Directly across the street from these parcels on the east side of Grand Avenue are the Colburn School, Museum of Contemporary Art, and the Grand Avenue entrance to the Omni Hotel. The parcels have access to both levels of Grand Avenue, and are separated by the east-west running General Thaddeus Kosciuszko Way ("GTK Way"), at the same level as Lower Grand Avenue. Parcels L and M-2 are owned by the Community Redevelopment Agency of the City of Los Angeles.

Parcel Q is located on the east side of Grand Avenue at First Street. It is directly across the street from the Walt Disney Concert Hall. Parcel Q is also immediately south of the Los Angeles County Courthouse. Parcel Q is bounded by First Street, Grand Avenue, and Olive Street. An extension of Second Street is planned and, when built, will form the southern border of Parcel Q. Like Parcels L and M-2, Parcel Q has access to both levels of Grand Avenue.

Parcel W-2 is directly east of Parcel Q. Parcel W-2 is bounded by First Street, Olive Street, and Hill Street. A property in private ownership, Parcel W-1, is immediately south of Parcel W-2. Parcels Q and W-2 are owned by the County of Los Angeles.

An exact legal description of the subject properties shall be reviewed and approved by the Authority.

EXHIBIT B
CONCEPTUAL DEVELOPMENT PLAN
FOR THE GRAND AVENUE AUTHORITY

The Grand Avenue Project is made up of three components: The full realization of Los Angeles' Civic Center Park which will stretch from the top of Bunker Hill to City Hall, the transformation of the streetscape of Grand Avenue from Cesar Chavez Boulevard to Fifth Street, and the development of available parcels of land which are adjacent to or nearby Grand Avenue. It is the intent of the Grand Avenue Project to build upon the existing strengths of the civic and cultural district and to make the uses in this area the foundation for the future.

Park Project. The Park Project will consist of the renovation, modernization and extension of the Civic Center Mall (also known as El Paseo de los Pobladores) and the Court of Flags which currently stretches from the east side of Grand Avenue to the West side of Broadway and is bordered by the County buildings which face onto Temple Street, to the north, and First Street, to the south. The Park Project will ultimately extend the Mall across Broadway Street to the western frontage of City Hall, will contain below-grade vehicular parking and will be redeveloped to include a variety of environments such as stands of trees, ponds and open fields that could be used for political events, farmers markets, outdoor performances or similar lively activities. The implementation of this Conceptual Development Plan will result in the creation of a 20-acre park stretching westward from City Hall, across the Music Center plaza to the Department of Water and Power.

To maintain a safe and clean environment, the Civic Center Mall (exclusive of the Music Center plaza) will be operated by a management entity that will organize scheduled events, oversee daily maintenance and regularly control the space.

Street Redesign. The Grand Avenue Authority intends to redevelop the streetscape of Grand Avenue to make it more attractive for pedestrians with the anticipation of many tourists as well as increasing numbers of performing arts patrons. It is the intent to widen the sidewalks, improve existing building walls to make storefront entries more friendly and accessible, to increase the number of trees and plantings to provide shade and comfort and to facilitate space for outdoor cafes and other street-related activities. Vehicular parking will remain on the street, and clear directional signs will direct visitors to off-street garages.

It is the intent that the combination of new and additional trees and light fixtures, as the vertical elements of the streetscape, will provide a rhythmic pattern down the length of Grand Avenue, providing a visual link from the civic and cultural district to the financial district. Flowering plants will add color during every season.

Development Opportunities. Located either adjacent to or near Grand Avenue on Bunker Hill are four prime development parcels owned either by the County of Los Angeles or the Community Redevelopment Agency of the City of Los Angeles. The parcels are located between the Civic Center and the Financial District and are ideal sites for a mixture of uses.

This Conceptual Development Plan envisions creating an unusual and attractive mix of retail and entertainment uses on lower levels for the Bunker Hill sites. The retail and entertainment uses may include movie theatres, music clubs, dancing clubs, shops and possible additional performance space(s). These uses will be complimentary to the existing theatrical and symphonic performances at the Music Center and the Walt Disney Concert Hall. These new entertainment uses will be designed to appeal to a variety of ethnic groups and age groups.

In addition to new entertainment and retail uses, housing, office and hotel uses will be located on the Bunker Hill Parcels. This development program includes up to 1,000 new residential units (both market rate and low/moderate income units) in three separate buildings, possibly a 400-room hotel, up to 1,000,000 square feet of office space and up to 600,000 square feet of space devoted to retail, entertainment and restaurants.

EXHIBIT C
DESCRIPTION OF THE PARK PROPERTY

The park property includes an approximately 15-acre area of open space that stretches from the top of Bunker Hill at the Music Center down to City Hall. This includes three distinct parcels of open space that are bounded by both buildings and streets. Two of these parcels are currently used as park or plaza space and one parcel is currently used for surface parking.

The park property begins at the top of Bunker Hill at Grand Avenue with the existing park that is currently known alternatively as the "County Mall" or as "El Paseo de Los Pobladores de Los Angeles". This is the largest of the three open space parcels and it is bounded by Grand Avenue on the west, Hill Street on the east, and is framed by the Kenneth Hahn Hall of Administration of the County of Los Angeles on the north, and by the County Courthouse on the south.

The second parcel is currently known as the "Court of Flags" and it is located immediately east of the County Mall. It is bounded by Hill Street on the west, Broadway on the east, and is framed by the Hall of Records building on the north, and by the County Law Library on the south.

The final parcel is currently used as a surface parking lot and is located immediately east of the Court of Flags. This parcel is bounded by Broadway on the west, Spring Street on the east, and is framed by the Criminal Courts Building on the north. An unused parcel of land lies immediately south of this parcel. Directly across Spring Street from this fourth parcel is Los Angeles City Hall.

An exact legal description of the subject properties shall be reviewed and approved by the Authority.